

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*¹

Debtors.

Chapter 11

Case No. 24-12480 (JTD)

(Jointly Administered)

Ref. Docket No. 259

**FIRST SUPPLEMENTAL DECLARATION OF ERIC W. KAUP IN SUPPORT OF
DEBTORS' APPLICATION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE
RETENTION AND EMPLOYMENT OF HILCO REAL ESTATE, LLC AS REAL
ESTATE CONSULTANT AND ADVISOR FOR THE DEBTORS, EFFECTIVE
AS OF THE PETITION DATE; (II) WAIVING CERTAIN REQUIREMENTS
IMPOSED BY LOCAL RULE 2016-2; AND (III) GRANTING RELATED RELIEF**

I, Eric W. Kaup, hereby state and declare as follows:

1. I am the Executive Vice President, Chief Compliance Officer and Special Counsel of Hilco Trading, LLC, the managing member of Hilco Real Estate, LLC ("Hilco"), a real estate consulting and advising firm.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

2. On November 26, 2024, I submitted that certain *Declaration of Eric Kaup in Support of Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Hilco Real Estate, LLC as Real Estate Consultant and Advisor for the Debtors, Effective as of the Petition Date; (II) Waiving Certain Requirements Imposed by Local Rule 2016-2; and (III) Granting Related Relief* (the "First Declaration") in support of the *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Hilco Real Estate, LLC as Real Estate Consultant and Advisor for the Debtors, Effective as of the Petition Date; (II) Waiving Certain Requirements Imposed by Local Rule 2016-2; and (III) Granting Related Relief*(the "Application")² [Docket No. 259], and attached thereto as Exhibit C.

3. I submit this first supplemental declaration (the "First Supplemental Declaration") on behalf of Hilco in further support of the *Debtors' Application*, and to disclose an additional Hilco connection to a Party in Interest that was discovered subsequent to submission of the *First Declaration*.

4. The facts set forth in this *First Supplemental Declaration* are based upon my personal knowledge, information, and belief, and upon records kept in the ordinary course of business that were reviewed by me or other employees of Hilco under my supervision and direction. If called as a witness, I would testify to the facts set forth in this *First Supplemental Declaration*.

5. Subsequent to submission of the *First Declaration*, Hilco discovered that Hilco Diligence Services, LLC, an affiliate of Hilco, has, prior to the Petition Date, provided field examination services for JPMorgan Chase Bank, N.A. in connection with one or more of the

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the *Application* or the *First Declaration*, as the context makes applicable.

Debtors. No amounts were owed by any of the Debtors to Hilco Diligence Services, LLC as of the Petition Date.

6. From and after the submission of this First Supplemental Declaration, Hilco will continue to conduct periodic inquiries regarding any subsequently arising connections to any Party in Interest, and if at any time during the period of Hilco's engagement Hilco should discover any facts bearing on the matters described herein, Hilco will supplement the information contained in this First Supplemental Declaration.

I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information and belief.

Dated: January 23, 2025

HILCO REAL ESTATE, LLC

/s/ Eric W. Kaup

Eric W. Kaup
Executive Vice President, Chief Compliance
Officer & Special Counsel, Managing Member